Oshawa

THE OSHAWA GROUP LIMITED

ANNUAL REPORT

for the fiscal year ended January 24, 1976

Results in Brief

(In thousands of dollars)	January 24, 1976	January 25, 1975	% Change
Sales			
Wholesale Food	$ 434,473	$ 356,652	+21.8
Retail Food	313,413	259,358	+20.8
Institutional Food	59,606	54,703	+ 9.0
General Merchandise	207,706	187,694	+10.7
Other	8,659	8,111	+ 6.8
Total	1,023,857	866,518	+18.2
Earnings Before Extraordinary Items	7,196	7,158	+ 0.5
Earnings Per Share Before Extraordinary Items	1.07	1.03	+ 4.0
Extraordinary Income	229	1,926	
Net Earnings	7,425	9,084	−18.3
Net Earnings Per Share	1.10	1.31	−16.0
Dividends Paid Per Share	0.34	0.34	
Average Number of Shares Outstanding	6,749,904	6,931,772	− 2.6

NUMBER OF STORES AT YEAR END		
Franchise IGA Markets	370	367
Other Franchise Food Markets	555	589
Company-owned Food Markets	89	85
Non-affiliated Food Markets	819	693
Department Stores	38	37
Hypermarché Super Store	1	1
Combination Food & Department Stores	2	2
Drug Marts	12	11
Pharmacies	25	26
Health & Beauty Aid Stores	8	8
Restaurants & Snack Bars	74	73
Catalogue Showrooms (50% owned)	73	65

Consolidated Statement of Earnings

THE OSHAWA GROUP LIMITED AND SUBSIDIARY COMPANIES

(In thousands of dollars)	Year Ended January 24, 1976	Year Ended January 25, 1975
SALES	$1,023,857	$ 866,518
COST OF SALES AND EXPENSES		
Cost of sales and expenses before the undernoted items:	995,264	839,726
Interest (note 7)	7,252	7,216
Depreciation	7,971	7,067
Amortization of goodwill	89	101
	1,010,576	854,110
	13,281	12,408
Interest and dividends earned	1,357	1,602
EARNINGS FROM OPERATIONS BEFORE INCOME TAXES	14,638	14,010
Income taxes	7,428	7,412
EARNINGS FROM OPERATIONS	7,210	6,598
Equity in net earnings (loss) of Consumers Distributing Company (National) Limited	(35)	518
Equity in net earnings of other companies	21	42
EARNINGS BEFORE EXTRAORDINARY ITEMS	7,196	7,158
Extraordinary items (note 8)	229	1,926
NET EARNINGS	$ 7,425	$ 9,084
Earnings per share before extraordinary items (note 9)	$1.07	$1.03
Earnings per share (note 9)	$1.10	$1.31
Average number of shares outstanding	6,749,904	6,931,772

The accompanying notes and summary of significant accounting policies are an integral part of the Consolidated Financial Statements.

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of The Oshawa Group Limited and subsidiary companies as at January 24, 1976 and the consolidated statements of earnings, retained earnings, contributed surplus and changes in financial position for the year then ended. Our examination of the financial statements of The Oshawa Group Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at January 24, 1976 and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
April 21, 1976

Wm. Eisenberg & Co.
Chartered Accountants

Consolidated Statement of Retained Earnings

THE OSHAWA GROUP LIMITED AND SUBSIDIARY COMPANIES

(In thousands of dollars)	Year Ended January 24, 1976	Year Ended January 25, 1975
BALANCE, BEGINNING OF YEAR AS ORIGINALLY REPORTED	$17,300	$10,554
Less: Income tax adjustments of prior years (note 16)	1,289	1,289
BALANCE, BEGINNING OF YEAR AS RESTATED	16,011	9,265
Add: Net earnings for year	7,425	9,084
	23,436	18,349
Less: Dividends—Class A shares	2,237	2,280
—Common shares	58	58
	2,295	2,338
BALANCE, END OF YEAR	$21,141	$16,011

Consolidated Statement of Contributed Surplus

(In thousands of dollars)	Year Ended January 24, 1976	Year Ended January 25, 1975
BALANCE, BEGINNING OF YEAR	$919	$ 50
Add: Excess of the average issue price of Class A shares over their acquisition cost	–	869
BALANCE, END OF YEAR	$919	$919

The accompanying notes and summary of significant accounting policies are an integral part of the Consolidated Financial Statements.

Consolidated Balance Sheet

as at January 24, 1976

THE OSHAWA GROUP LIMITED AND SUBSIDIARY COMPANIES

	January 24, 1976	January 25, 1975
ASSETS (in thousands of dollars)		
CURRENT ASSETS		
Cash	$ 858	$ 780
Marketable securities (at cost which approximates market value)	495	146
Accounts receivable	34,825	25,711
Loans and mortgages receivable—current portion	2,115	1,772
Inventories	86,084	79,177
Real estate held for sale	3,602	5,008
Prepaid expenses	3,314	3,035
	131,293	115,629
INVESTMENTS AND OTHER ASSETS		
Loans and mortgages receivable	10,511	8,913
Shares in Consumers Distributing Company (National) Limited (note 1)	1,800	1,835
Other investments (note 1)	2,594	2,590
Deferred rent and financing costs	702	777
	15,607	14,115
FIXED ASSETS (note 2)		
Land, buildings, equipment and leasehold improvements, at cost	151,685	143,471
Less: Accumulated depreciation	44,371	37,650
	107,314	105,821
GOODWILL—at cost less amortization of $190 (1975-$101)	468	557
	$254,682	$236,122

The accompanying notes and summary of significant accounting policies are an integral part of the Consolidated Financial Statements.

	January 24, 1976	January 25, 1975

LIABILITIES (in thousands of dollars)

CURRENT LIABILITIES		
Bank indebtedness (note 3)	$ 19,724	$ 26,045
Short term notes	18,550	10,000
Accounts payable and accrued liabilities	75,348	63,659
Income taxes payable	3,528	2,801
Mortgages payable on real estate held for sale	—	74
Current portion of long term debt	1,660	5,468
	118,810	108,047
LONG TERM DEBT (note 4)	45,640	44,481
DEFERRED INCOME TAXES	8,888	7,393
MINORITY INTEREST IN SUBSIDIARIES	207	194

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 5)		
Authorized		
11,906,100 Class A non-voting shares, without par value		
912,000 Common shares, without par value		
Issued		
6,578,528 Class A shares	59,033	59,033
171,376 Common shares	44	44
	59,077	59,077
CONTRIBUTED SURPLUS	919	919
RETAINED EARNINGS	21,141	16,011
	81,137	76,007
	$254,682	$236,122

Approved on behalf of the Board
Ray D. Wolfe, Director
William L. Atkinson, Director

Consolidated Statement of Changes in Financial Position

THE OSHAWA GROUP LIMITED AND SUBSIDIARY COMPANIES

(In thousands of dollars)	Year Ended January 24, 1976	Year Ended January 25, 1975
SOURCE OF WORKING CAPITAL		
FROM OPERATIONS		
Earnings before extraordinary items	$ 7,196	$ 7,158
Items not requiring an outlay of funds:		
Depreciation	7,971	7,067
Amortization of goodwill	89	101
Amortization of deferred expenses	75	75
Deferred income taxes	1,457	2,520
Equity in net (earnings) loss of Consumers Distributing Company (National) Limited	35	(518)
Equity in net (earnings) of other companies	(21)	(42)
TOTAL FUNDS FROM OPERATIONS	16,802	16,361
OTHER		
Extraordinary items (note 8)	229	1,926
Deferred income taxes on extraordinary items (note 8)	38	423
Reduction of loans and mortgages receivable	–	656
Disposal of fixed assets	3,068	1,478
Increase in long term debt	1,159	–
Sundry items	30	16
	21,326	20,860
USE OF WORKING CAPITAL		
Purchase of fixed assets	12,532	24,508
Increase in loans and mortgages receivable	1,598	–
Increase in investments	–	113
Purchase of goodwill	–	37
Acquisition of subsidiary companies net of working capital acquired	–	1,282
Reduction of long term debt	–	710
Purchase of Class A shares for cancellation	–	1,472
Dividends to shareholders	2,295	2,338
	16,425	30,460
INCREASE (DECREASE) IN WORKING CAPITAL	$ 4,901	$(9,600)
Working capital, beginning of year as previously reported	$ 8,871	$18,471
Less: Income tax adjustments of prior years (note 16)	1,289	1,289
Working capital, beginning of year as restated	7,582	17,182
Working capital, end of year	12,483	7,582
INCREASE (DECREASE) IN WORKING CAPITAL	$ 4,901	$(9,600)

The accompanying notes and summary of significant accounting policies are an integral part of the Consolidated Financial Statements.

Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of The Oshawa Group Limited and all subsidiary companies.

The Company has used the purchase method in accounting for all acquisitions.

The interest of minority shareholders in the operating results of subsidiaries is not significant and is included in cost of sales and expenses in the consolidated statement of earnings.

Translation of Foreign Currencies

Current assets and current liabilities of foreign subsidiaries have been converted to Canadian dollars at rates of exchange prevailing at January 24, 1976; fixed assets with related provisions for depreciation have been converted at rates current at date of acquisition. Income and expense items have been converted at the average rates of exchange prevailing during the year.

Inventories

Warehouse inventories are valued at the lower of cost and net realizable value with cost determined on a first-in, first-out basis. Inventories in retail stores are valued at selling price less percentages sufficient to reduce such inventories to the lower of cost and net realizable value.

Real Estate Held For Sale

Real estate held for sale is valued at the lower of cost and net realizable value. Cost includes development expenses and carrying charges including, since January 28, 1973, applicable bank interest.

Fixed Assets and Depreciation

Major enlargements, remodellings and improvements are charged to the appropriate fixed asset accounts. The cost of maintenance and repairs which does not extend the life of the assets is charged against earnings.

Fixed assets are depreciated by the straight line method at rates sufficient to amortize the cost of the assets over their estimated useful life as follows:

Classification	Estimated Useful Life
Buildings	20 to 40 years
Equipment	4 to 10 years
Leasehold improvements	term of lease plus first option to a maximum term of 20 years

Goodwill

Goodwill is being amortized by the straight line method over its estimated useful life, not exceeding 40 years.

Development and Pre-opening Expenses

Development and pre-opening expenses of new stores are written off in the year of opening.

Sale of Stores and Properties

Gains and losses on the sale of stores and properties, other than warehouses and similar operating facilities, are considered an integral part of the Company's operations and are included in ordinary income.

Fiscal Year

The fiscal year of the Company ends on the fourth Saturday in January. A fiscal year usually consists of 52 weeks, with a fiscal year of 53 weeks occurring periodically. The next 53-week fiscal year will end on January 28, 1978.

Notes to the Consolidated Financial Statements

January 24, 1976

1. INVESTMENTS

The Company has a 50% interest in Consumers Distributing Company (National) Limited which is accounted for by the equity method. During the year, Consumers Distributing Company (National) Limited changed its fiscal year end to January 31 from December 31. Accordingly, these consolidated financial statements include the Company's share of the net loss of Consumers Distributing Company (National) Limited for the thirteen months ended January 31, 1976.

Other investments consist of:

	1976	1975
	(in thousands)	
Real estate joint venture, equity method	$1,070	$ 698
Shares in other companies, equity method	203	182
Sundry investments, at cost	1,321	1,710
	$2,594	$2,590

2. FIXED ASSETS

The fixed assets are valued at cost and consist of:

	1976	1975
	(in thousands)	
Land	$11,596	$11,359
Buildings	51,302	51,856
Equipment	75,282	66,724
Leasehold improvements	13,505	13,532
	151,685	143,471
Less: Accumulated depreciation	44,371	37,650
	$107,314	$105,821

3. BANK INDEBTEDNESS

The current bank indebtedness of the Company and certain subsidiaries is secured by a general assignment of their book debts, and in the case of one subsidiary, by a floating charge on its assets.

4. LONG TERM DEBT

	1976	1975
	(in thousands)	
Bank indebtedness	$ 9,038	$ 9,438
Notes and mortgages payable	15,237	16,486
Series A Debentures, due 1976 to 1991	19,000	20,000
5½% Subordinated Convertible Sinking Fund Debentures, due 1986	4,025	4,025
	47,300	49,949
Less: Current portion	1,660	5,468
	$45,640	$44,481

Long term debt may be classified as follows:

	1976	1975
	(in thousands)	
Wholesale and retail operations	$24,654	$25,562
Real estate investments	20,986	18,919
	$45,640	$44,481

BANK INDEBTEDNESS

The bank indebtedness consists of a loan of $8,700,000 repayable in 1977, secured by a mortgage on two properties and a loan of $338,000 repayable in 1978, secured by a pledge of securities.

NOTES AND MORTGAGES PAYABLE

These obligations bear interest at an average rate of 9.1% per annum and provide for principal repayments as follows:

	(in thousands)
(fiscal year ending in) 1977	$ 660
1978	1,163
1979	594
1980	381
1981	1,765
1982-2002	10,674
	$15,237

SERIES A DEBENTURES

These debentures are secured by a floating charge on the undertaking and assets of the Company and consist of the following:

Description	Amount (in thousands)	Interest Rate	Maturity Date
Series A Serial Debentures	$ 4,000	8¼%	$1,000,000 on June 15 in each of the years 1976 to 1979 inclusive
Series A Sinking Fund Debentures	15,000	9¼%	June 15, 1991
	$19,000		

The Serial Debentures are not redeemable prior to maturity. The Company has covenanted to retire $10,000,000 principal amount Sinking Fund Debentures prior to maturity as follows:

1978 and 1979	$ 250,000 in each year
1980 to 1982	500,000 in each year
1983 to 1990	1,000,000 in each year

In addition to the mandatory sinking fund payments referred to above, the Company has the non-cumulative right to retire up to $500,000 principal amount of Sinking Fund Debentures in each of the years 1976 to 1985.

Financing costs of this issue are being amortized over the terms of the debentures and amount to $42,000 in the current year.

5½% SUBORDINATED CONVERTIBLE SINKING FUND DEBENTURES

The Company has outstanding $4,025,000 of 5½% Subordinated Convertible Sinking Fund Debentures due November 15, 1986. Annual sinking fund payments of $500,000 commence November 15, 1977. However, under the provisions of the Trust Indenture, $3,975,000 of the original issue of $8,000,000 of debentures which have been converted are

available to the Company as a credit against sinking fund payments. The debentures are convertible into Class A shares as follows:

Up to November 15, 1976	at $14 per share
November 16, 1976 to November 15, 1981	at $15½ per share
November 16, 1981 to November 15, 1986	at $17 per share

5. CAPITAL STOCK

CLASS A SHARES

The Class A shares are non-voting, participating and entitled to a non-cumulative annual dividend of 1¼¢ per share in priority to payment of dividends on the common shares.

The Company has reserved 347,700 Class A shares for issue under the Executives' and Key Employees' Plan 1966. As at January 24, 1976, options on 42,940 Class A shares were outstanding under this plan, exercisable to 1978 at prices ranging from $9.80 to $12.82 per share.

The Company has reserved 287,500 Class A shares for conversion of the 5½% Subordinated Convertible Sinking Fund Debentures and a further 630,063 Class A shares for the exercise of the Series A Warrants.

SERIES A WARRANTS

The Company has authorized the issue of Series A Warrants entitling the holders thereof to purchase in the aggregate 700,000 Class A shares. The holder of each warrant is entitled to purchase one Class A share as follows:

Up to February 29, 1976	$60
From March 1, 1976 to February 28, 1977	$65
From March 1, 1977 to February 28, 1978	$70
From March 1, 1978 to February 28, 1979	$75

The warrants expire February 28, 1979.

As at January 24, 1976, 630,063 Series A Warrants were outstanding.

6. SALES

Sales for each of the major segments of the Company's business were as follows:

	1976		1975	
	Amount	%	Amount	%
	(in thousands)		(in thousands)	
Wholesale Food	$ 434,473	42	$356,652	41
Retail Food	313,413	31	259,358	30
Institutional Food	59,606	6	54,703	6
General Merchandise	207,706	20	187,694	22
Other	8,659	1	8,111	1
	$1,023,857	100	$866,518	100

7. INTEREST EXPENSE

	1976	1975
	(in thousands)	
Interest on long term debt	$3,807	$4,406
Other interest	4,099	3,468
	7,906	7,874
Less: Interest capitalized to cost of land	654	658
Interest expense for year	$7,252	$7,216

8. EXTRAORDINARY ITEMS

	1976	1975
	(in thousands)	
Gain on disposal of plant and warehouse properties less income taxes of $58,000 (1975—$423,000)	$186	$1,870
Gain on sale of shares of a subsidiary less income taxes of $6,500	–	189
Income tax reductions on application of prior years' losses	43	57
Other	–	(190)
	$229	$1,926

9. FULLY DILUTED EARNINGS PER SHARE

If it were assumed that all the 5½% Subordinated Convertible Sinking Fund Debentures outstanding at January 24, 1976 had been converted into Class A shares as of January 25, 1975, and all stock options outstanding as at January 24, 1976 had been exercised as of January 25, 1975, the earnings per share for the year would have been as follows:

Earnings before extraordinary items	$1.04
Net earnings for the year	$1.07

For the purpose of calculating the fully diluted earnings per share, the net earnings were increased by the interest, after income taxes, on the 5½% Subordinated Convertible Sinking Fund Debentures and by imputed interest after income taxes, assuming that the funds derived from the exercise of the stock options were invested to produce an annual return of 10% before income taxes.

The number of Class A shares was adjusted to reflect the additional shares that would have resulted from the foregoing.

10. LEASES

The total minimum rentals payable for store locations, office and warehouse facilities (exclusive of additional amounts based on percentage of sales, taxes, insurance and other occupancy charges) under long term leases in effect as at January 24, 1976 for each of the periods shown are as follows:

	(in thousands)
(fiscal year ending in) 1977	$13,095
1978-1982	61,754
1983-1987	52,496
1988-1992	38,755
after 1992	47,415

In addition, the Company has signed leases or agreements to lease for new store locations and other facilities which when occupied will have a minimum annual rental of $1,107,000.

It is expected that rental revenue of $3,795,000 will be received in the fiscal year ending January 22, 1977 from locations that have been sublet.

11. CONTINGENT LIABILITIES

(a) The Company has guaranteed one half of the bank loan of Consumers Distributing Company (National) Limited which guarantee amounted to $7,500,000 as at January 24, 1976. The Company has also guaranteed long term leases of Consumers Distributing Company (National) Limited having minimum annual rentals of $1,152,000.

(b) The Company has guaranteed one-half of any deficiency between net rental income and the payment of principal, interest and taxes required under a mortgage loan of $8,500,000. The Company has received an indemnity for any losses which may be suffered under this guarantee.

12. PENSION PLANS

Pension costs included in the consolidated statement of earnings represent contributions for current services. There is no unfunded past service liability.

13. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration during the year to directors and senior officers, as defined by The Business Corporations Act, Ontario, was $1,152,000. (1975—$1,038,000)

14. ANTI-INFLATION LEGISLATION

The Company is subject to restraint of profit margins, prices, dividends and compensation under the terms of the Anti-Inflation Act and regulations which became effective October 14, 1975.

The effect of this legislation on operations is not yet clear due to the uncertainties surrounding the interpretation of the regulations. However, reported earnings for the fiscal year ended January 24, 1976 are not expected to be materially affected.

Under existing regulations, the Company is permitted to pay dividends of up to 34¢ per Class A and Common share in the twelve months ending October 13, 1976.

15. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

In March, 1976, Oshawa Properties Limited, a wholly-owned subsidiary, purchased for a nominal amount the remaining 50% interest in Décarie Square Inc. which owns commercial and residential land in Metropolitan Montreal, Quebec and is currently constructing an enclosed shopping mall. The aggregate cost of the site and this initial development is being financed primarily by a term loan of $24 million to Décarie Square Inc. The loan is secured by a first charge on its assets and to the extent of $10 million by the guarantee of Marchland Holdings Limited, a wholly-owned subsidiary of the Company, secured by a first floating charge on its undertaking and assets. The Company has guaranteed completion of the shopping mall.

16. COMPARATIVE FIGURES

The comparative figures for the previous year have been reclassified where necessary to conform with the current year's presentation and have been restated to give effect to income tax adjustments of prior years.

Ten Year Comparative Summary

(in thousands of dollars)

THE OSHAWA GROUP LIMITED AND SUBSIDIARY COMPANIES

Year Ended	Sales	Amortization and Depreciation	Income Taxes **	Earnings Before Extraordinary Income **	Earnings Per Share Before Extraordinary Income *	Earnings Before Extraordinary Income as a % of Sales	Net Earnings **	Net Earnings Per Share ** *†	Cash Flow From Operations **	Total Dividends	Dividends Per Share	Reinvested in Business **
Jan. 24, 1976	$1,023,857	$8,135	$7,428	$7,196	$1.07	.70	$7,425	$1.10	$16,802	$2,295	34.0¢	$5,130
Jan. 25, 1975	866,518	7,243	7,412	7,158	1.03	.83	9,084	1.31	16,361	2,338	34.0	6,746
Jan. 26, 1974	697,583	5,976	6,994	7,622	1.08	1.09	7,584	1.08	15,603	2,394	34.0	5,190
Jan. 27, 1973	600,385	7,485	5,433	6,825	.97	1.14	8,374	1.19	13,061	2,110	30.0	6,264
Jan. 22, 1972	490,381	6,493	5,783	6,104	.87	1.24	6,181	.88	11,732	1,748	25.0	4,433
Jan. 23, 1971	469,771	6,104	6,082	4,891	.70	1.04	5,099	.73	10,718	1,747	25.0	3,352
Jan. 24, 1970	445,175	5,061	7,926	7,039	1.01	1.58	7,508	1.08	12,729	1,528	22.0	5,980
Jan. 25, 1969	298,684	3,543	5,709	5,260	.94	1.76	5,791	1.03	8,838	1,020	18.0	4,771
Jan. 27, 1968	237,441	2,803	4,025	4,222	.81	1.78	4,760	.91	7,591	690	13.0	4,070
Jan. 28, 1967	180,313	1,505	2,998	2,871	.59	1.59	2,902	.59	4,442	490	10.0	2,412

Year Ended	Shares *†	Shareholders' Equity **	Shareholders' Equity Per Share ** *†	High-Low Stock Price	Total Assets	Current Assets	Current Liabilities **	Working Capital **	Current Ratio **	Salaries, Wages, Benefits	Number of Regular Employees At Year End
Jan. 24, 1976	6,749,904	$81,137	$12.02	6¾- 4	$254,682	$131,293	$118,810	$12,483	1.11:1	$102,967	7,649
Jan. 25, 1975	6,931,772	76,007	10.97	8- 3⅝	236,122	115,629	108,047	7,582	1.07:1	85,139	6,910
Jan. 26, 1974	7,041,816	70,733	10.04	11⅝- 6	199,488	96,194	79,012	17,182	1.22:1	69,424	6,169
Jan. 27, 1973	7,024,990	66,245	9.43	14¾-10¼	169,111	75,743	58,322	17,421	1.30:1	57,920	6,246
Jan. 22, 1972	6,991,515	61,270	8.76	14⅜- 8¾	156,357	59,775	44,003	15,772	1.36:1	50,169	5,602
Jan. 23, 1971	6,981,908	56,751	8.13	25⅛- 9½	120,369	57,356	50,115	7,241	1.14:1	46,881	6,316
Jan. 24, 1970	6,942,502	53,225	7.67	36⅜-22	103,769	47,176	38,629	7,547	1.22:1	40,794	7,011
Jan. 25, 1969	5,609,276	36,490	6.51	45¾-27¼	77,133	40,591	30,804	9,787	1.32:1	27,705	4,791
Jan. 27, 1968	5,226,648	23,391	4.48	32¼-12⅜	59,586	34,368	23,148	11,220	1.48:1	19,722	3,092
Jan. 28, 1967	4,877,247	13,909	2.85	15¼-11	38,780	21,084	13,257	7,827	1.59:1	12,051	2,085

*Combined Class A and Common.

†Figures for previous years have been adjusted for the two-for-one stock split of October 11, 1967. Net Earnings Per Share and Shareholders' Equity Per Share have been calculated on the average number of shares outstanding during the year rather than on the shares outstanding at the end of the year.

**The comparative figures have been restated to give effect to income tax adjustments of prior years.

Oshaw's Canadian Operations

Alberta

*Catalogue Showrooms	13

Manitoba, Saskatchewan & Northwestern Ontario

Franchise IGA Markets	86
Other Franchise Food Markets	294
Company-owned Food Markets	12
Non-affiliated Food Markets	498
*Catalogue Showrooms	14
Distribution Centres	3

Ontario

Franchise IGA Markets	145
Other Franchise Food Markets	41
Company-owned Food Markets	55
Non-affiliated Food Markets	50
Department Stores	30
Drug Marts	11
Pharmacies	25
Health & Beauty Aid Stores	8
Restaurants & Snack Bars	45
Gas Bars	7
Distribution Centres	6

Quebec

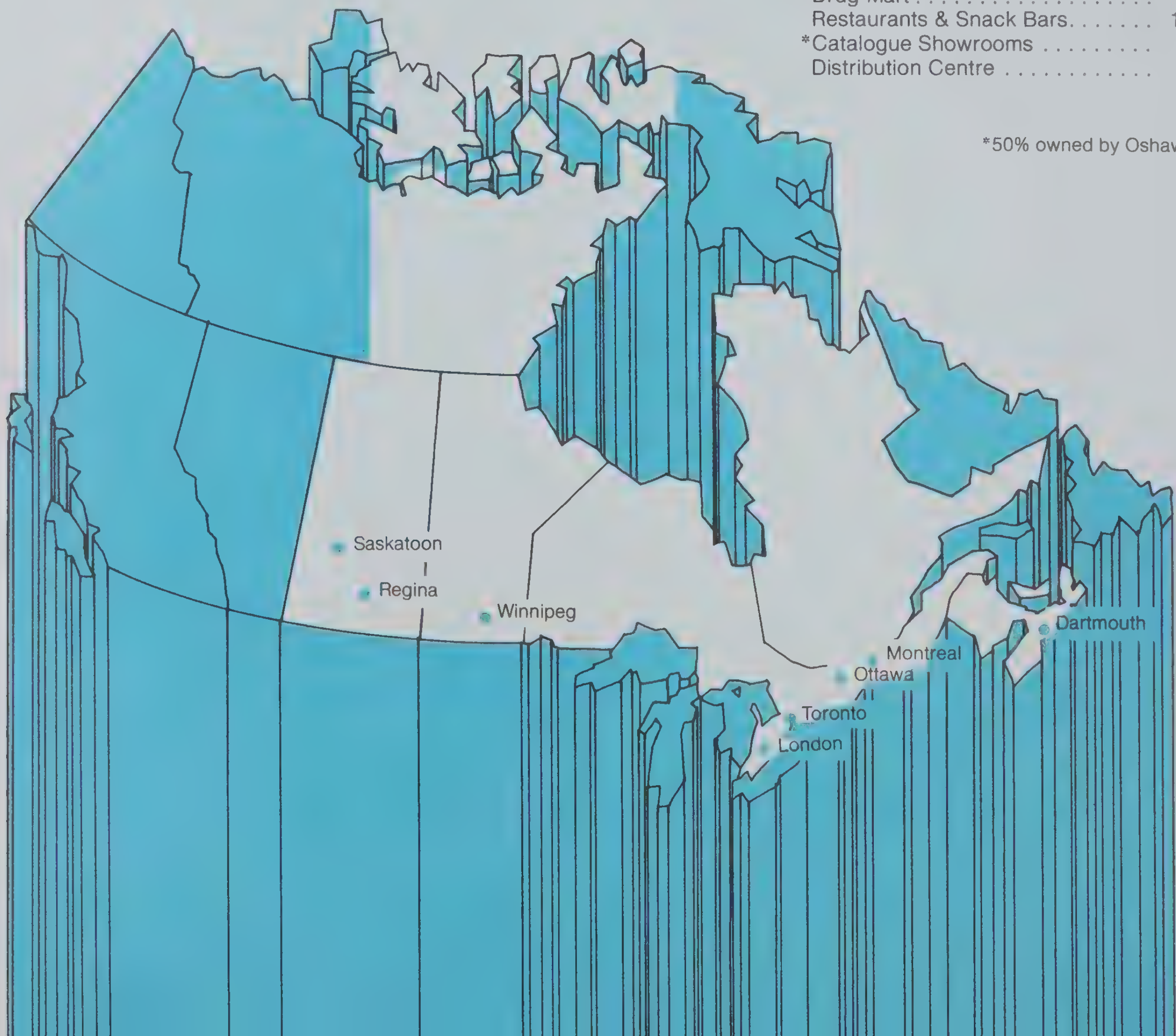
Franchise IGA Markets	113
Other Franchise Food Markets	220
Company-owned Food Markets	15
Non-affiliated Food Markets	204
Department Stores	6
Hypermarché Super Store	1
Restaurants & Snack Bars	17
*Catalogue Showrooms	37
Distribution Centres	3
Gas Bar	1

Atlantic Provinces

Franchise IGA Markets	26
Company-owned Food Markets	7
Non-affiliated Food Markets	67
Combination Food & Department Stores	2
Department Stores	2
Drug Mart	1
Restaurants & Snack Bars	12
*Catalogue Showrooms	9
Distribution Centre	1

*50% owned by Oshawa

Distribution Centres



Oshawa

Financial Folio

Contents

La version en français de ce rapport sera envoyée sur demande.

Year in Review

The Oshawa Group Limited which began 65 years ago with a wagon load of produce, had sales in 1975 in excess of one billion dollars for the first time in its history.

1975 was not an easy year. While the performance of the Canadian economy exceeded that of most western industrial countries, including the United States, productivity declined in both 1974 and 1975. Despite economic stagnation, Canada was caught in a cost-price spiral leading to the introduction in October of the Anti-Inflation Act and the most comprehensive set of regulations for the control of prices and incomes since the war years.

In last year's Annual Report reference was made to the fact that the dominant factor affecting operations was inflation. The same might be said of 1975. At the beginning of the year, double-digit inflation, particularly in food, contributed to sharply higher sales and significant inventory gains. At the same time, there were unprecedented increases in virtually all costs of doing business, particularly labor, energy and depreciation.

As the year progressed, the rate of inflation abated, culminating in the case of food with a 60-day voluntary retail price freeze towards the end of the fiscal year. Inflationary sales and inventory gains diminished, but operating expenses continued to escalate. The resultant squeeze on profit margins has continued in 1976.

SALES

Consolidated sales were $1,023,857,000, an increase of $157,339,000 or 18.2 percent over $866,518,000 last year. As shown in the Results in Brief, all major segments contributed to the increase. While inflation accounted for a significant part of the increase, Oshawa did achieve an acceptable rate of real growth.

EARNINGS

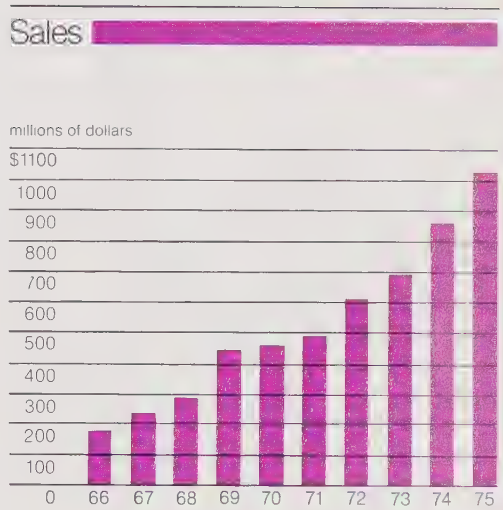
Consolidated net earnings before extraordinary income were $7,196,000 or $1.07 per share on 6,749,904 shares, compared with $7,158,000 or $1.03 on 6,931,772 shares in 1974. Extraordinary income was $229,000 compared with $1,926,000 last year when the Dominion Mushroom Company Limited property in Pickering, Ontario was expropriated and Comserve Limited was sold. Final net earnings were $7,425,000 or $1.10 per share compared with $9,084,000 or $1.31.

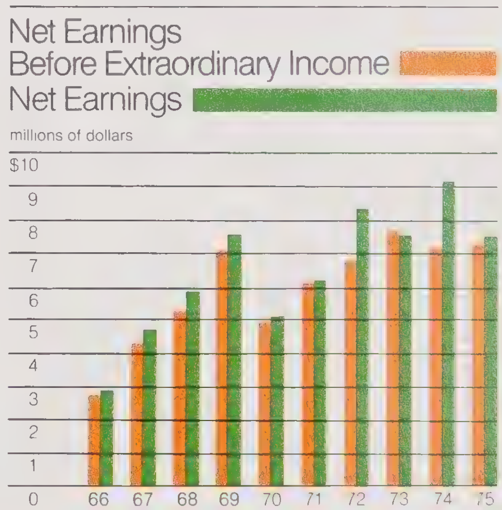
On a divisional basis, earnings were impacted positively by the continuing improvement in market penetration and profitability of Codville Distributors Ltd. in Western Canada, the return to profitability of Bolands Limited in the Maritimes, improved performance of Kent Drugs Limited and lower losses of Hypermarché Laval. Earnings were adversely affected by lower profits of Hudon et Deaudelin Ltée., the Institutional Group and a negative contribution from Consumers Distributing Company (National) Limited in which Oshawa has a 50 percent interest. Oshawa's share of the Consumers (National) loss in the 13 months ended January 31, 1976 was $35,000 or 0.5 cents per Oshawa share, compared with a profit of $518,000 or 7.5 cents for the 12 months ended December 31, 1974.

More detailed information on operations and factors affecting sales and earnings are contained in reports of divisional general managers on Pages 16 to 28.

FINANCIAL POSITION

Working capital at January 24, 1976 was $12,483,000, an increase of $4,901,000 from $7,582,000, as restated, last year. The various sources and uses of working capital are shown in the Consolidated Statement of Changes in Financial Position on Page 6.





Total funds from operations amounted to $16,802,000. Additional funds were derived from the disposal of fixed assets and an increase in mortgages payable.

The principal uses of working capital were the purchase of fixed assets, $12,532,000, and payment of dividends. Major additions to fixed assets included seven new food markets, two department stores and the completion of equipment installation at the Malton Distribution Centre.

Inventories of $86,084,000 were $6,907,000 or 8.7 percent higher than at the preceding year end. This increase compares favorably with the 18.2 percent gain in sales, reflecting a concerted and continuing effort to improve inventory turnover.

Long-term mortgage financing has been arranged on Sudbury City Centre and will be drawn down later this year. The proceeds of this financing will be used to repay the existing term bank loan of $8,700,000 and to reduce short-term bank indebtedness.

The bank loan of Consumers Distributing Company (National) Limited was reduced to $15,000,000 at year end from $19,000,000 last year as the result of a major program to reduce inventories and improve liquidity. In consequence, Oshawa's guarantee of this loan declined to $7,500,000 from $11,500,000.

A legal action claiming $2,505,000 for an alleged breach of agreement to lease space in a proposed shopping centre, noted in last year's Annual Report as a contingent liability, has been settled at no cost to the Company.

DIVIDENDS AND SHAREHOLDERS' EQUITY

Dividends of $2,295,000 equal to 34¢ per share were paid in 1975. A quarterly dividend of 8½¢ per share was paid on May 21, 1976.

Shareholders' Equity at January 24, 1976 amounted to $81,137,000 equal to $12.02 per share, an increase of $5,130,000 over $76,007,000 or $10.97 per share last year. Shareholders' Equity at the preceding year end has been restated to reflect prior years' income tax adjustments amounting to $1,289,000. This adjustment was mainly the result of an assessment on the profit from sale in 1972 of the Company's investment in Baxter Estates Limited. The assessment is being appealed.

EXPANSION AND DEVELOPMENT—1975

Seven Company-owned food markets, 19 franchise IGA units, five controlled-line food stores, two department stores and one drug mart were opened during the year. Twenty large franchise markets were converted to the "Boniprix" program in Quebec, while seven small IGA units and one pharmacy were closed.

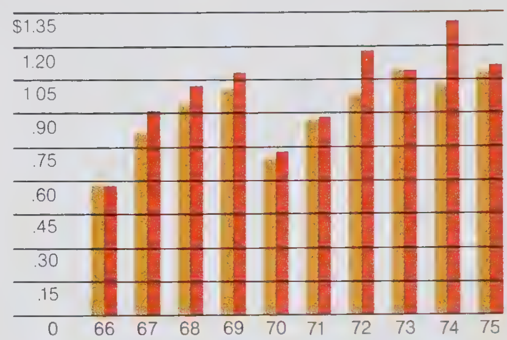
The new 340,000 square-foot semi-automated grocery distribution centre at Malton, Ontario became fully operational in the last half of the year. This permitted the relocation and substantial expansion of Towers' Toronto warehousing activities in space vacated by the Ontario Food Division.

EXPANSION AND DEVELOPMENT—1976

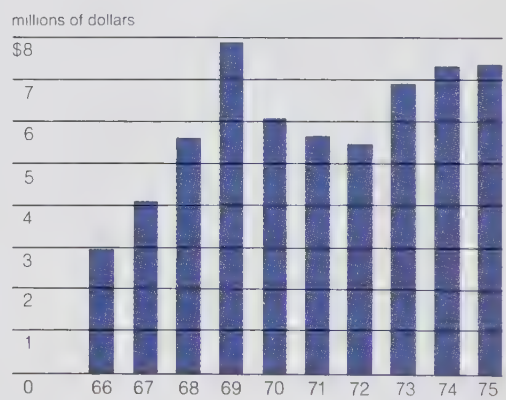
Expansion plans in 1976 include 10 franchise IGA markets in Manitoba and Saskatchewan, a new 65,000 square-foot grocery distribution centre in Regina and a 35,000 square-foot addition to the Saskatoon distribution centre. In Ontario, 12 franchise IGA units, three Food City markets, one Towers department store and two Drug City marts are scheduled to open. In Quebec, six franchise food markets and four convenience stores are planned and a 100,000 square-foot addition to the Montreal North distribution centre is under construction.

In March, 1976 the Company acquired from Mondev International Ltd. the remaining half interest in

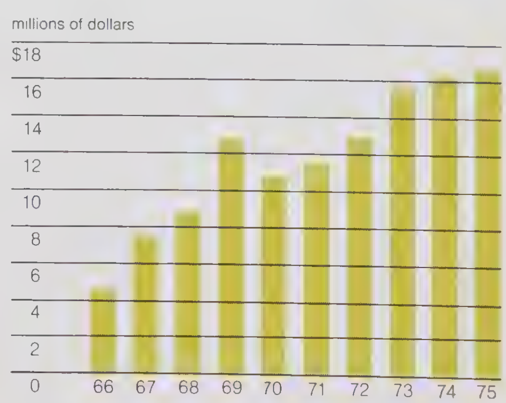
Net Earnings Per Share Before Extraordinary Income
Net Earnings Per Share



Income Taxes



Cash Flow From Operations



Décarie Square Inc. and sold to Mondev its half interest in Centre Commercial Deux Mille Inc.

The 350,000 square-foot Décarie Square will contain approximately 65 retail units and Oshawa's second Hypermarché food and general merchandise store. Material changes in store configuration, merchandising concepts and operating systems will be introduced in both Hypermarché Décarie and Hypermarché Laval.

JOINT VENTURE DISPENSER COMPANIES

In April, 1976 Oshawa sold its Canadian dispenser division to Moccomat Beverage Systems Limited, owned jointly by Oshawa and Douwe Egberts Koninklijke Tabaksfabriek Koffiebranderijen Theehandel B.V. of The Netherlands. Douwe Egberts also purchased from the Company a 50 percent interest in Oshawa Inc. and a 50 percent interest in Oshawa Trading Limited, 25 percent from Oshawa and 25 percent from a minority shareholder.

Moccomat Beverage Systems Limited sells frozen coffee extract and frozen juice concentrates through dispenser programs in Canada. Oshawa Inc. and Oshawa Trading carry on similar business in the United States and in Bermuda and the Caribbean respectively.

Douwe Egberts, a major Dutch company, is internationally known for its tobacco products, notably Amphora pipe tobaccos. It is a major distributor of coffee in Europe and manufactures Moccomat coffee extract.

This new ownership structure ensures a continuing supply of coffee extract and dispensers and access to important additional markets in the United States.

DIRECTORS AND MANAGEMENT

The Board of Directors has been strengthened by the addition of two distinguished new members, Arthur J. R. Smith, Ph.D., D.U.C., LL.D., Vice President Public Affairs of INCO Ltd., former President of The Conference Board in Canada and past Chairman of the Economic Council of Canada and Charles Perrault, M.Eng., President, Perconsult Limited and member of the Economic Council of Canada. Leonard Wolfe, formerly Executive Vice President Corporate Services and a director since 1959, was appointed Vice Chairman of the Board.

Divisional management was strengthened by the appointment of Vern T. Barber, formerly Group Vice President Food Divisions, as President of The Ontario Produce Company Limited; Robert J. Martin, formerly Administrator Advertising and Sales Promotion, Towers Department Stores Limited, as Vice President and General Manager, Hickeson-Langs Supply Company, and Richard Wolfe as General Manager, Moccomat Beverage Systems Limited.

OUTLOOK

The resumption of real growth in the Canadian economy has begun but at a slower rate than anticipated. While there are indications that consumer confidence is growing and recovery will continue, 1976 will be a difficult year for Canadian retailing.

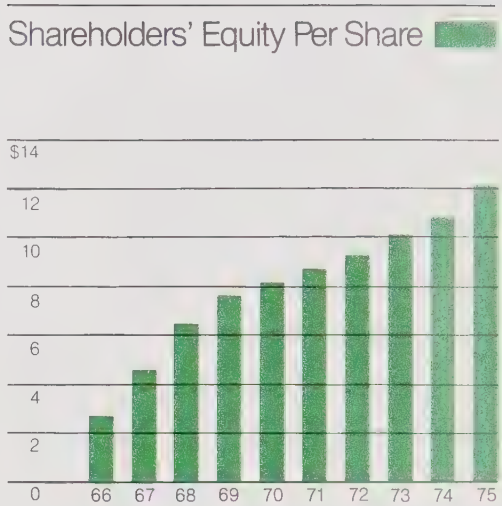
The pressures on gross profit margins and operating costs discussed previously continued in the first quarter of 1976. In consequence, Oshawa will report a loss in the first quarter. This loss will be recovered in subsequent quarters and performance in comparison with 1975 should improve as the year progresses.

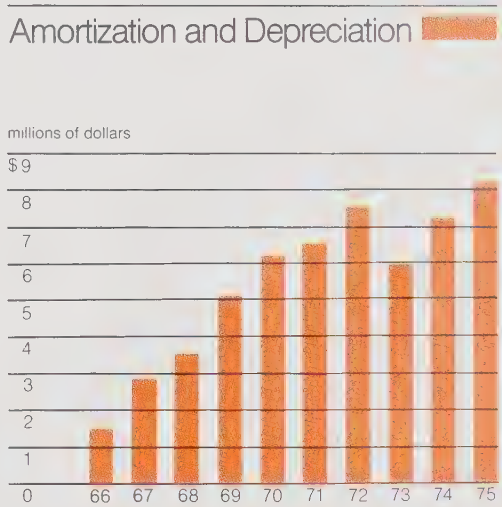
We record our appreciation for the dedicated effort of management and staff, the cooperation of suppliers and the support of shareholders.

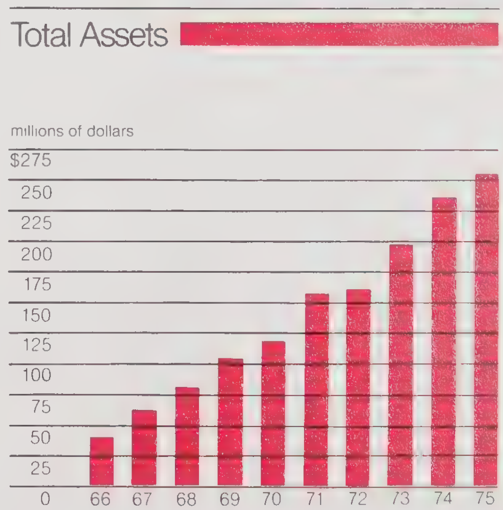
June 9, 1976

Ray D. Wolfe
Chairman and Chief Executive Officer

Harvey S. Wolfe
President and Chief Operating Officer







Divisional Reports

ONTARIO FOOD DIVISION, TORONTO

Sales for the year ended January 24, 1976 were $398,768,000, a 19.5 percent increase over $333,830,000 in the previous year. Company-owned store sales rose 20 percent and wholesale sales increased 18.7 percent. Although inflation accounted for a significant part of these increases, there was acceptable real growth at both wholesale and retail levels.

Despite higher sales, earnings were little changed from last year due primarily to high start-up costs of a new grocery distribution centre and a costly 60-day retail price freeze on non-perishables in the final quarter.

Work was completed in July on the 340,000 square-foot semi-automated grocery warehouse in Malton. Computer software problems and difficulties with the selector equipment made it necessary to maintain additional inventory and duplicate warehousing and order selecting systems during the first year of operation. These problems have been largely resolved. With additional operating experience, planned productivity targets should be achieved this year. This new distribution centre will substantially improve service to stores and provide the capacity to accommodate expanding volume.

The voluntary 60-day price freeze introduced by most retailers in November in response to the Anti-Inflation Board's call for restraint also materially affected earnings. Some critics, whether politically motivated or uninformed, dismissed the voluntary freeze as a marketing gimmick. In fact, profits were squeezed between rising operating costs and declining gross margins as the retail prices of many basic items, particularly those featured when the freeze went into effect, were held for 60 days at levels below replacement cost.

Earnings have been impacted in recent months by Provincial legislation forcing supermarkets to close on Sunday and statutory holidays, effective January 1, 1976. While there has been some initial loss of business formerly transacted on Sunday and holidays, this should be recovered as customers adapt to new shopping patterns.

Two Food City markets in Metropolitan Toronto and one large Dutch Boy unit in Kitchener were opened and one major renovation completed. Eleven franchise stores were added to the IGA program and four smaller units closed.

At year end, the Ontario Food Division operated 55 food markets and supplied 145 IGA markets, 41 other franchise units and 50 non-affiliated food stores.

Three Food City units will be opened in the current year. Franchise expansion continues and in a move to consolidate and strengthen marketing programs, six Ranch units, which formerly operated with extended hours, are being converted to IGA.

In the past year, long-range strategic planning became an integral part of the operation of the Ontario Food Division. A planning team comprised of senior divisional management was established and Matilda Manojlov appointed Vice President Planning.

The rate of inflation in food prices continued at a high level through the first half of 1975, then declined gradually in the balance of the year—a welcome respite for consumers. This downward trend has continued in 1976, but its duration will be largely dependent upon basic world commodity markets, crop conditions and foreign demand. While moderation in price inflation is welcomed by all, food retailers remain concerned over margin restrictions imposed by anti-inflation legislation which make it difficult to offset rising operating costs.

With improvements resulting from better planning, more sophisticated and efficient distribution methods and plain hard work by all, we look forward to a successful year.

A. P. Graham
Vice President and General Manager

Food City shopper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HUDON ET DEAUDELIN LTÉE., MONTREAL

For Hudon et Deaudelin Ltée., 1975 was a year of transition in which retail and wholesale operations were restructured and management responsibilities realigned.

Sales growth continued at a pace comparable to previous years and exceeded $200,000,000 for the first time in the Company's history. Sales of $200,076,000 were 22.4 percent higher than in 1974.

Net earnings, however, were lower than last year reflecting the cost of integrating the Deaudelin operation (acquired in May, 1974), opening expenses of new units in Montreal, intense retail competition and the impact of a voluntary 60-day price freeze in the final quarter.

A consolidation of retail nomenclature was undertaken with emphasis on the "Boni" prefix using a stylized "B" logo. Three Les Aliments Bonimart units were opened, 20 large franchise markets operating under Miniprix and IGA names converted to Boniprix, 11 convenience stores renamed Bonisoir and two controlled-line food stores, which feature a limited range of dry grocery items at very competitive prices, opened under the name Boni.

The Hudon et Deaudelin Ltée. division now operates six Les Aliments Bonimart units, four Company-owned IGA markets, two Boni stores and three Rapido cash and carry warehouse markets. It supplies 113 franchise IGA markets, 20 Boniprix, 44 L'Equipe, 84 Elite, 42 Spana, 14 National, 11 Bonisoir and five independently owned cash and carry units.

At mid year, senior management was restructured to accommodate continuing expansion, the need for more sophisticated information and control systems and a commitment to comprehensive long-range planning. All administrative functions—accounting and control, treasury and electronic data processing—became the responsibility of Jean-Guy Deaudelin, Senior Vice President Administration. Retailing activities were reorganized under Jean Nolin, Vice President Retail Operations.

To handle increased volume the Montreal North main distribution centre is currently being enlarged by 100,000 square feet. When completed later this year, this warehouse will house all dry grocery merchandise and the adjacent Deaudelin warehouse will be converted to a produce distribution centre. The Company will then be in a position to supply the produce requirements of all corporate and franchise food markets.

In looking ahead, management is confident the programs initiated in 1975 will provide a sound basis for profitable growth.

Guy Hudon
President

CODVILLE DISTRIBUTORS LTD., WINNIPEG

Codville Distributors Ltd. and its subsidiaries, J. M. Sinclair Co. Ltd. of Regina and Midland-Allied Fruit Co. of Winnipeg, enjoyed another year of substantial sales and earnings growth. For the first time sales exceeded the $100 million mark, reaching $106,000,000, a 25 percent increase over $83,810,000 last year.

While all facets of the Company's operation showed healthy growth, the largest percentage increases were recorded by the institutional grocery and produce division.

In the Regina and Saskatoon divisions, steadily increasing volume has necessitated expansion of distribution facilities. Accordingly, plans have been made for a new 65,000 square-foot distribution centre in Regina's Ross Industrial Park and a 35,000 square-foot extension to the Saskatoon distribution centre.

In 1975, three new IGA markets were opened, three expanded and 16 remodelled. Five independents joined the IGA program and three units were closed. One Locomart warehouse store was opened and another remodelled. Codville also opened three experimental controlled-line stores which feature a limited assortment of dry grocery products.

Codville currently operates 12 food markets and supplies 380 franchise food stores, 86 of which are IGA units, as well as 498 non-affiliated food stores in Manitoba, Saskatchewan and Northwestern Ontario.

The continued growth of sales and earnings of Codville Distributors Ltd. is most encouraging. It is the direct result of the commitment by management and staff to both the Company and its franchise dealers.

William H. Holman
President

Semi-automated order selector in Malton Distribution Centre ►

BOLANDS LTD., DARTMOUTH, NOVA SCOTIA

There was considerable improvement in operations and results at Bolands Limited in 1975. Sales reached $59,000,000 compared with $48,790,000 in 1974, a 21 percent increase. This was due largely to an aggressive merchandising program which produced increases in all stores, the conversion of four franchise units to Company stores and supplying the two Towers combination stores in Prince Edward Island for a full year. The trend of food sales in these two units has been most satisfactory. In New Glasgow, a Company-owned store was converted to a franchise store in the early fall.

While earnings rose substantially because of increased sales and improved controls, return on investment is not yet acceptable. Consequently, a number of steps have been taken to accelerate profitability, the most important of which is the strengthening of senior management. A competent, professional organization is now functioning, committed to maintain and improve operations.

Plans have been developed to expand warehouse and office facilities to better serve existing customers and provide a base for future growth.

The support received during the year from IGA dealers and other customers, suppliers and employees made possible the advances recorded in 1975. We are grateful and confident their continued support will enable Bolands to maintain its forward momentum.

Leif Christensen
President

THE ONTARIO PRODUCE COMPANY LIMITED, TORONTO

The Ontario Produce Company Limited and its affiliates were adversely affected in 1975 by commodity oversupply and competitive factors. Nonetheless, combined sales were $27,703,000, a 6.3% increase over the previous year.

The Ontario Food Terminal operation faced extraordinary competitive conditions for most of the year. Consequently, bidding for business was intense and sales and profit objectives were not achieved. A modest sales increase of 5.4% was recorded despite these obstacles.

The White and Company, also operating at the Ontario Food Terminal, faced the same difficulties, but a sales increase of 9.3% was achieved due primarily to a realignment of sales staff and an expanded range of commodities.

Dominion Mushroom Company Limited achieved a 19.6% sales increase due to higher production and an aggressive marketing program.

Bradford Packing, packer of vegetables for Canadian, United States and U.K. markets, recorded a modest sales increase, despite an abundant crop in Quebec which limited sales to the U.S., Quebec and Maritime markets.

Increased labor, energy and transportation costs remain problems but the prospects for the Ontario Produce group of companies appear brighter than at this point last year. Per capita consumption of the products handled is increasing. The sources and variety of fresh fruits and vegetables continues to expand as South America, Mexico, the Caribbean, the Middle East, Japan, Australia and New Zealand have now become sources of supply with technological advances and speedier transportation.

Another successful year is anticipated in the mushroom growing operation and there should be substantial improvement at Bradford Packing with installation of additional processing lines.

Vern T. Barber
President

HICKESON-LANGS SUPPLY COMPANY, TORONTO

1975 was a year of major change and reorganization at Hickeson-Langs. Sales continued their healthy growth pattern and at $31,116,000 were up 9.6% over the preceding year, but the decline in profitability which began in 1974 accelerated, resulting in a net loss for the year.

A comprehensive study of Hickeson-Langs confirmed the long-term viability and potential of the operation, but indicated the need for a major reorganization. Accordingly, in the final quarter, programs were launched to strengthen management, redefine marketing objectives and strategies, improve information systems and financial controls and reduce warehousing and distribution costs.

These programs are now underway and there is every indication that 1976 will be a turnaround year.

Robert J. Martin
Vice President and General Manager

Ontario Produce salesman ►

LANGS FOODS LIMITED, HAMILTON

1975 was the best year in the history of Langs Foods Limited with record sales and earnings. Storage and handling revenues were $1,595,000 compared with $1,360,000 last year, an increase of 17.3 percent.

Langs Foods Limited provides commercial cold and frozen storage facilities to the vegetable, fruit, juice and meat processing industries in the Toronto, Hamilton and London areas. Total storage capacity is approximately 2,780,000 cubic feet.

High demand for storage space throughout a good fruit and vegetable crop year and the availability of additional space in the expanded London branch combined to produce record revenue.

While satisfactory results are anticipated in the current year, steadily rising costs in all areas of operation, particularly energy costs, coupled with increased competition could result in some reduction of profit margins.

Linn Johnstone
General Manager

TOWERS DEPARTMENT STORES LIMITED, TORONTO

While sales of Towers Department Stores Limited increased 13 percent in 1975 to a record $178,000,000 (excluding concessionaire sales), earnings were virtually unchanged from the previous year. A more competitive environment and increased operating costs combined to prevent profit from matching sales growth.

In 1975, Towers concentrated on improving performance in three major departments: Stationery, Health and Beauty Aids and Men's and Boys' Wear. In each, merchandise assortments were carefully examined and adjusted with a view to becoming category dominant. In addition, "Young Men's Shops" were opened in all stores carrying a select line of specialty merchandise in attractively fixtured boutiques. Excellent sales increases were achieved in these departments.

Special attention was given the Quebec Bonimart stores. A task team was appointed to study the merchandising and operating problems unique to Quebec and to prepare a plan of action to improve market share and operating results. Implementation of this plan produced a profit contribution from the Quebec division in 1975 for the first time in the Company's history.

Glyn Hacking has been appointed Regional General Manager for Quebec, reporting to the President. His responsibilities include the development of a separate merchandising organization to serve the Quebec market, with particular emphasis on apparel and style goods. Basics will still be purchased by Towers' central buyers.

During the current year, all departments are being scrutinized to develop a better merchandise mix and increase return on inventory investment. Improved quality control standards and Towers traditionally competitive prices will ensure that customers receive maximum value on a continuing basis.

To better integrate merchandising and store operations, John Share was appointed Senior Vice President Marketing. Reporting to Mr. Share are the two merchandising Vice Presidents and the Regional Directors for Metro Toronto, Ontario and the Maritimes. These organizational changes will facilitate the development of specific merchandising programs for each region.

Strategic planning has become an increasingly important activity at Towers as general merchandise retailing evolves at an accelerated pace. To coordinate the Company's planning process, Michael Lawlor was appointed Director of Planning in September, 1975.

Two Towers stores were opened in the Toronto area during the second half of 1975 and another, the 41st in the chain, opened in Ottawa in the second quarter of 1976.

While consumer uncertainty, rising expenses and unfavorable weather negatively affected first quarter results, it is expected that Towers performance will improve throughout the balance of the year.

Stanley Lipson
President

Fine dinner at Harbor Castle Hotel, a Hickeson-Langs customer ➤

KENT DRUGS LIMITED, TORONTO

Sales of Kent Drugs Limited reached a record $16,599,000 in 1975, an increase of 17 percent over the preceding year. Reflecting improved merchandising programs in the Drug City chain and more effective shrinkage control, net earnings more than doubled, continuing the turnaround begun in 1974.

One Drug City mart was opened in Streetsville, Ontario and one department store pharmacy closed in 1975. At year end Kent Drugs operated 45 units consisting of 12 Drug City stores, 21 pharmacies in Towers department stores, four in Food City family centres and eight Stripe health and beauty aid stores. Two new Drug City stores opened shortly after year end.

In August, the Province of Ontario introduced a free prescription drug plan for citizens over 65 who have been residents of the Province for over 12 months. Third party drug plans accounted for 23 percent of all prescriptions filled in 1975 compared with 13 percent in the previous year. Further increases in the number of Ontario Drug Benefit prescriptions are anticipated, particularly in Drug City units which are close to senior citizen developments.

In the second half of 1975, accounting and distribution services were integrated with those of Towers Department Stores Limited. In addition to improving service to retail units, these moves are expected to result in cost savings and the Company is projecting further gains in profit in 1976.

Ab Flatt
President

HYPERMARCHÉ LAVAL

A combination of improved gross profit margins and stringent cost controls resulted in a significant reduction in the net loss of Hypermarché Laval in 1975. Nevertheless, this operation continued to be a severe drain on earnings and it became increasingly evident that the Hypermarché in its present form was not economically viable.

Accordingly, late in the year a major study was undertaken of all facets of Hypermarché—physical plant, marketing strategies, merchandising programs, store operations, personnel and controls. The study suggested radical changes in many areas to improve profitability. Most of these will be implemented to coincide with the opening this fall of Hypermarché II in Décarie Square in west central Montreal.

The planned changes coupled with sustained concentration on cost control and the sharing of advertising and promotional costs by two units rather than one, suggest further improvement in operating results this year.

Jack Genser
Vice President and General Manager

RESTAURANTS

Sales of $7,711,000 represented a marginal improvement over 1975 but profit contribution of the Restaurant Division was lower than in the previous year due to a non-recurring loss of $80,000 on the disposal of an unprofitable coffee shop.

Despite customer resistance to higher prices and rising product, labor, services and utilities costs, per unit contribution was up eight percent over last year.

Development was limited to the opening of one snack bar, the conversion of a coffee shop to a cafeteria and the exchange of a coffee shop for two snack bars in Eastgate Mall, Hamilton. The division currently operates 21 snack bars, 27 cafeterias, 16 coffee shops, nine kiosks and one licenced restaurant.

Costs are expected to increase in 1976 but at a slower pace than in recent years. In the year ahead management energies will be directed towards the elimination of unprofitable units and the upgrading of existing operations.

Redmond J. Langan
Vice President and General Manager

Towers department store shopper ►


towers
spring fashion Values
NOW!
LADIES
SPRING FASHIONS
30.99

DISPENSER DIVISION, TORONTO

Oshawa Dispenser Company (now Moccomat Beverage Systems Limited), Oshawa Inc. and Oshawa Trading Limited are engaged in the sale and distribution of frozen juice concentrate and frozen coffee extract through dispensing machines leased to restaurants, hotels, hospitals and other institutions.

Moccomat coffee extract is expertly brewed from ground coffee, concentrated, then deep-frozen to retain its taste and flavor until the moment of consumption. The coffee is dispensed through the unique DAGMA dispenser which adds hot water to the extract to make a fresh, pure cup of coffee. Moccomat Beverage Systems now has over 1,400 Moccomat machines in operation across Canada. The Moccomat coffee program was recently introduced on a test basis in the United States and plans are being formulated for Bermuda and the Caribbean.

Vitality brand frozen juice concentrates are sold by the three dispenser companies in Canada, the United States, Bermuda and the Caribbean. These companies have installed nearly 1,000 dispensers which automatically reconstitute the concentrates and dispense a fresh beverage at a controlled cost.

Combined sales of the three companies in 1975 were $2.9 million, an improvement of 50% over the previous year.

It is anticipated that 700 coffee dispensers and 150 juice dispensers will be placed in Canada in 1976.

Richard J. Wolfe
General Manager

COINAMATIC LAUNDRY EQUIPMENT LIMITED, UNITED KINGDOM

1975 was an extremely difficult year for any company operating in the U.K. Business activity continued at depressed levels, accompanied by high inflation and a steady decline in the value of the pound which increased the cost of imported materials and equipment. Demand in Coinamatic's historic markets, particularly capital equipment for the coin operated laundry industry, remained depressed.

To reduce the impact of adverse business conditions, Coinamatic's strategy is to provide goods and services, principally laundry equipment and supplies, which are essential or offer significant cost savings to its customers. Its equipment rental program also provides customers an opportunity to limit capital investment.

Coinamatic's sales for 1975 increased by 6.7 percent to $8,655,000. Cost escalation was kept under control and marginal or unprofitable activities were terminated, with the result that profit margins rose both as a percent of sales and of capital employed.

While retail sales in the U.K. were generally weak throughout the year, the Bonimart frozen food stores' results were satisfactory. The new Moccomat coffee dispensing program was accelerated after an extremely satisfactory trial period.

The outlook for 1976 is good; Coinamatic continues to enjoy a dominant market share in certain of its products and services and a favorable competitive stance in those other areas in which it does business.

Robin H. Phillips
Managing Director

CONSUMERS DISTRIBUTING COMPANY (NATIONAL) LIMITED, TORONTO

Sales of 50% owned Consumers Distributing Company (National) Limited in the thirteen months ended January 31, 1976 were $83,041,000, up 30% from $63,912,000 in the twelve months ended December 31, 1974. (Sales of Consumers (National) are not consolidated with those of The Oshawa Group.) Net earnings declined from $1,036,000 to a net loss of $69,000 reflecting the change in fiscal year end which resulted in the inclusion of an additional January, traditionally a loss period, the costs of reducing inventories and higher operating expenses.

During 1975, emphasis was placed on the reduction of inventory levels and bank indebtedness. While earnings were adversely affected over the short term, profitability should improve in 1976 and subsequent years.

Eight catalogue showrooms were opened in 1975 for a total of 73 and four are planned in 1976.

Drug City shopper ►

Directors

*William L. Atkinson (Director since 1968), Executive Vice President Finance, The Oshawa Group Limited. Trustee of Heitman Canadian Realty Investors and Director of Consumers Distributing Company (National) Limited. Trustee of Bishop's University.

Murray C. Goldman (Director since 1962), Vice President Development, The Oshawa Group Limited.

Charles Perrault, M. Eng. (Director since 1976), Chairman, Casavant Frères Limitée; President, Perconsult Limited; member, Economic Council of Canada, Canadian Labor Relations Council, the Advisory Council on Labor and Manpower (Quebec), Director of a number of Canadian corporations including Canron Limited, Celanese Canada Limited, Gaz Metropolitain, Inc., North American Life Assurance Company, Northern Electric Company Limited and Quaker Oats Co. of Canada Limited.

*Albert Shifrin, Q.C. (Director since 1959), Senior Partner in the law firm of Shifrin, White and Spring.

*Arthur J. R. Smith, Ph.D., D.U.C., LL.D. (Director since 1975), Vice President Public Affairs of INCO Ltd., former President of The Conference Board in Canada, past Chairman of the Economic Council of Canada. Director of IBM Canada Limited, The Bank of Nova Scotia, Interprovincial Steel and Pipe Corporation Ltd., The Manufacturers Life Insurance Company and Black and Decker Manufacturing Company Limited.

Harold J. Wolfe (Director since 1970), Secretary and General Counsel, The Oshawa Group Limited.

Harvey S. Wolfe (Director since 1960), President and Chief Operating Officer, The Oshawa Group Limited. Director, Consumers Distributing Company (National) Limited. Governor, North American Wholesale Grocers' Association and Mt. Sinai Hospital; Director, Retail Council of Canada and Canadian Opera Co.

Jack B. Wolfe (Director since 1959), Group Vice President Institutional Food, The Oshawa Group Limited. Past President, Canadian Fruit Wholesalers' Assoc. and Toronto Wholesale Fruit and Produce Assoc.; Chairman, Fresh For Flavour Foundation; Director, Horticultural Council of Canada, Ontario Food Terminal and United Fresh Fruit and Vegetable Assoc. Member, Board of Arbitration, Canada Department of Agriculture.

Leonard Wolfe (Director since 1959), Vice Chairman of the Board, The Oshawa Group Limited.

Max Wolfe (Director since 1959), Honorary Chairman of the Board and co-founder of the Company in 1911.

Ray D. Wolfe (Director since 1959), Chairman and Chief Executive Officer, The Oshawa Group Limited; Chairman, IGA Canada Limited; President, Canada-Israel Chamber of Commerce; Vice President, International Assoc. of Chain Stores; Director, The Bank of Nova Scotia, Canada-Israel Development Ltd., Canadian Jewish News, Canadian Pacific Limited, Confederation Life Insurance Company, Consumers Distributing Company Ltd., Consumers Distributing Company (National) Limited, Super Sol Ltd., National Assoc. of Food Chains, Super Market Institute; Member, Economic Council of Canada, University of Western Ont. School of Bus. Admin. Advisory Board.

*Audit Committee

Corporate Management

Ray D. Wolfe, Chairman and Chief Executive Officer (appointed 1973). Graduate University of Toronto. Joined predecessor company, Ontario Produce Company Limited in 1939, President of The Oshawa Group Limited from 1959 to 1973.

Harvey S. Wolfe, President and Chief Operating Officer (appointed 1973). Graduate University of Toronto. Joined Company in 1954 in the produce department. Appointed Director of Personnel, later Vice President Development.

Leonard Wolfe, Vice Chairman of the Board (appointed 1975). Joined Company in 1940 as an inventory controller at predecessor company, Ontario Produce Company Limited. Appointed Assistant General Manager, later Executive Vice President Corporate Services.

William L. Atkinson, Executive Vice President Finance (appointed 1972). Graduate Bishop's University. Joined Company in 1967 as Chairman of Towers Department Stores Limited, appointed Vice President Department Store Division, later Vice President Administration and Vice President Finance.

Jack B. Wolfe, Group Vice President Institutional Food (appointed 1968). Joined predecessor company, Ontario Produce Company Limited in 1948 as a trainee. Appointed Manager of Ontario Produce, then President of Ontario Produce and Vice President Perishables.

Sam Crystal, Vice President Public Affairs (appointed 1974). Joined Company in 1966 as Director Public Relations. Was previously Oshawa's PR Counsel, a newspaper editor and reporter. Chairman, Retail Council of Canada, Food Public Relations Committee; Director, National Retailers' Institute; Member, Food Distribution Information Council of Super Market Institute.

Murray C. Goldman, Vice President Development (appointed 1974). Joined Company in 1946 as an accountant. Was Office Manager, Executive Assistant to the President and Treasurer.

G. Michael Moffat, Vice President Planning (appointed 1975). Graduate Queens University. Joined Company in 1968 as Manager Profit Planning. Appointed Corporate Budget Director, then Director Corporate Planning. Member, North American Society of Corporate Planners, community and charitable organizations.

Norman J. Pentecost, Vice President Personnel (appointed 1962). Graduate City College of New York and Columbia University Graduate School of Business. Joined Company in 1957 as Personnel Manager. Appointed Director of Personnel.

Leonard Eisen, C.A., Treasurer (appointed 1974). Joined Company in 1968. Appointed Director of Corporate Accounting, later Assistant Treasurer. Member of the Institute of Chartered Accountants of Ontario's Taxation and Wage and Price Controls Committees and the Tax Executives Institute.

E. Leonard Besler, C.A., Corporate Controller (appointed 1974). Joined Company in 1956 as an accountant at Ontario Produce. Appointed Oshawa Controller, later Group Controller. Member, Financial Executives Institute.

Phillip Connel
VP Fin. - [since late 76].

Operating Divisions

WHOLESALE AND RETAIL FOOD

BOLANDS LIMITED, Dartmouth, N.S., Leif Christensen, President and General Manager (appointed 1974). Joined Oshawa in 1965 as Assistant Controller. Was Corporate Controller, Assistant General Manager of Kent Drugs Limited, General Manager of Model Laundry Limited and Vice President and General Manager, Restaurant Division.

CODVILLE DISTRIBUTORS LTD., Winnipeg, Manitoba, William H. Holman, President and General Manager (appointed 1972). Joined Oshawa in 1951. Previously General Manager of Langs Foods Limited and Vice President and General Manager, Institutional Divisions.

HUDON ET DEAUDELIN LTÉE., Montreal, Quebec, Guy Hudon, President and General Manager (appointed 1970). Graduate Hautes Etudes Commerciales, Université de Montréal, Faculté Commerce. Joined the Company in 1953 as Merchandising Manager. Governor of the North American Wholesale Grocer's Assoc. and a past president of the Canadian Grocery Distributors' Institute.

ONTARIO FOOD DIVISION, Allister P. Graham, Vice President and General Manager (appointed 1972). Joined the Company as a clerk in 1955. Appointed Director Meat Sales, Director IGA Merchandising, General Sales Manager and Vice President Sales, Ontario Food Division. Chairman of the Food Committee of Retail Council of Canada.

GENERAL MERCHANDISE

HYPERMARCHÉ DIVISION, Montreal, Quebec, Jack Genser, Vice President and General Manager (appointed 1974). Graduate of New York University. Joined Oshawa's General Merchandise Division in store operations in 1966. Held number of senior positions in management including Group Vice President.

KENT DRUGS LIMITED, Ab Flatt, President (appointed 1972). Graduate University of Toronto, Phm.B. Joined Oshawa in 1964. Held management positions in Ontario Food and Produce Divisions. Member of community and educational organizations.

RESTAURANT DIVISION, Redmond J. Langan, Vice President and General Manager (appointed 1974). Attended Loyola College (now Concordia University) in Montreal. Joined the Company as an Area Supervisor in 1971. Member of the Canadian Restaurant Association, business and service clubs.

TOWERS DEPARTMENT STORES LIMITED, Stanley Lipson, President and General Manager (appointed 1973). Graduate of University of Toronto. Joined Towers as Vice President, Merchandising in 1969. Is also responsible for the Kent Drugs and Restaurant Divisions.

INSTITUTIONAL

DISPENSER DIVISION, Richard Wolfe, General Manager (appointed 1975). Graduate McGill University. Joined Company in 1971. Previously held positions in produce and laundry divisions. Also manages Automotive Services Division.

DOMINION MUSHROOM COMPANY LIMITED, Nate Tickner, Manager (appointed 1972). Graduate Delaware Valley College, Pennsylvania, BSc Agriculture. Joined Company in 1972. Has spent entire career in mushroom farming industry. Member, Canadian Mushroom Growers' Association.

HICKESON-LANGS SUPPLY COMPANY, Robert J. Martin, Vice President and General Manager (appointed 1975). Joined Towers division in 1959 as a department store manager, held a number of management positions.

LANGS FOODS LIMITED, Linn Johnstone, General Manager (appointed 1972). Joined Company in 1947 as Storage Manager, Hamilton warehouse. Appointed Storage Manager, Burlington warehouse in 1956.

THE ONTARIO PRODUCE COMPANY LIMITED, Vern T. Barber, President (appointed 1975). Joined the Company in 1945 as Manager, Produce Division; held number of senior positions in management including Group Vice President, Food Divisions. Director of Canadian Fruit Wholesalers' Assoc., Food Products Assoc., Food Industry Assoc. of Canada and Canadian National Exhibition.

BRADFORD PACKING, Glen Henderson, Manager (appointed 1965). Graduate Ontario Agricultural College, BSA P.Ag. Joined the Company in 1965. Chairman Bradford Produce Shippers' Assoc.; Director, Horticultural Advisory Board of Ontario and member of several agricultural and food industry organizations.

THE WHITE & COMPANY, Vance Graham, Manager (appointed 1973). Joined Company in 1961 as a retail store receiver. Held number of management positions in Ontario Food Division and Ontario Produce before appointment as Manager of White & Company.

SERVICES

COINAMATIC LAUNDRY EQUIPMENT LIMITED, London, U.K., Robin H. Phillips, F.C.A., Managing Director (appointed 1963). Graduate London School of Economics. Joined Oshawa in 1958 as Assistant Comptroller; assigned to Coinamatic in 1962. Chairman, ADSCAT distributors association, Vice Chairman of Nat. Assoc. for the Laundrette Industry.

MODEL LAUNDRY LIMITED, Carlo Bryce, General Manager (appointed 1973). Joined the Company in 1972.

Salient Data

REGISTRAR AND TRANSFER AGENTS

Class A Shares and Series A Debentures, The Canada Trust Company, Toronto, Montreal, Calgary, Vancouver and Regina
5½% Subordinated Convertible Sinking Fund Debentures, National Trust Company Limited, Toronto

AUDITORS

Wm. Eisenberg & Co., Toronto

BANKERS

Canadian Imperial Bank of Commerce
Mercantile Bank of Canada
Bank of Montreal
Bank of Nova Scotia
Toronto-Dominion Bank

LISTED ON

Toronto Stock Exchange
Montreal Stock Exchange

HEAD OFFICE

300 The East Mall
Islington, Ontario
M9B 6B8
Canada

SUBSIDIARIES

Bolands Limited
Codville Distributors Ltd.
Dutch Boy Food Market Limited
Hudon et Deaudelin Ltée.
Midland Fruit Co. Ltd.

Coinamatic Laundry Equipment Limited

Dominion Mushroom Company Limited
E. W. Hickeson & Co. Limited
Langs Foods Limited
The Ontario Produce Company Limited

Marchland Holdings Limited
Oshawa Properties Limited

Model Laundry Limited

Oshawa Trading Limited

Kent Drugs Limited
Towers Department Stores Limited

Consumers Distributing Company
(National) Limited (50% owned)

AR30

midyear report

for the 28 weeks ended
August 7, 1976

The Oshawa Group Limited
300 The East Mall
Islington, Ontario
M9B 6B8

Oshawa

Operating Results

Consolidated sales in the 28 weeks ended August 7, 1976 were a record $568,273,000, an increase of 8.8 percent over $522,491,000 last year. The previously reported loss of $1,945,000 in the first 12 weeks was partly offset by earnings in the second quarter of $296,000, leaving a first half loss before extraordinary items of $1,649,000 or 24.4 cents per share on 6,749,904 shares. In the same period last year Oshawa had a profit of $2,713,000 or 40.2 cents on the same number of shares. Extraordinary income this year was $383,000, reducing the net loss to $1,266,000 or 18.8 cents per share.

Expansion

The Company opened 14 franchise IGA markets, one Food City unit, one Towers department store, two Drug City marts and 14 convenience stores. One IGA unit was expanded and nine small IGA markets and a Cash and Carry wholesale closed. Openings scheduled for the second half include two Food City markets, two IGA stores and one Cash and Carry. A third new IGA market will replace a smaller unit.

Outlook

While competition in food and general merchandise remains intense, the improving trend of the second quarter should continue in the second half, reflecting seasonal factors and some strengthening of consumer demand.

R. D. Wolfe
Chairman

H. S. Wolfe
President

October 1, 1976

Oshawa

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H. S. Wolfe
President

The Oshawa Group Limited and Subsidiary Companies

Consolidated Statement of Earnings

(thousands of dollars)

	28 weeks ended **August 7, 1976**	August 9, 1975
Sales	**$568,273**	$522,491
Earnings (loss) from operations before income taxes	**(2,153)**	6,411
Income taxes(recoverable)	**(880)**	3,395
Earnings (loss) from operations	**$ (1,273)**	$ 3,016
Equity in net earnings (loss) of:		
Consumers Distributing Company (National) Limited	**(342)***	(309)*
Other companies	**(34)**	6
Earnings (loss) before extraordinary items	**$ (1,649)**	$ 2,713
Extraordinary items	**383**	120
Net earnings (loss)	**$ (1,266)**	$ 2,833
Earnings (loss) per share before extraordinary items	**(24.4¢)**	40.2¢
Earnings (loss) per share	**(18.8¢)**	42.0¢
Average number of shares outstanding	**6,749,904**	6,749,904

*The figures shown for Consumers Distributing Company (National) Limited are for the six months ended July 31, 1976 and the seven months ended July 31, 1975.

The Oshawa Group Limited and Subsidiary Companies

Consolidated Statement of Changes in Financial Position

(thousands of dollars)

	28 weeks ended **August 7, 1976**	28 weeks ended August 9, 1975
Source of Working Capital		
From Operations		
Earnings (loss) before extraordinary items	**$(1,649)**	$2,713
Items not requiring an outlay of funds:		
Depreciation	**4,652**	3,993
Amortization of goodwill	**47**	34
Amortization of deferred expenses	**55**	42
Deferred income taxes	**852**	256
Equity in net loss of Consumers Distributing Company (National) Limited	**342**	309
Equity in net (earnings) loss of other companies	**34**	(6)
Total funds from operations	**$ 4,333**	$7,341
Other		
Extraordinary items	**383**	120
Deferred income taxes on extraordinary items	**54**	38
Reduction of loans and mortgages receivable	**2,971**	–
Proceeds on disposal of Dispenser Division	**1,949**	–
Net increase in long term debt	**7,527**	–
Sundry items	**242**	16
	$17,459	$7,515
Use of Working Capital		
Purchase of fixed assets less disposals	**9,047**	2,474
Acquisition of subsidiary property company including current construction obligations	**7,574**	–
Increase in loans and mortgages receivable	**–**	50
Increase in investments	**204**	1,417
Reduction of long term debt	**–**	1,442
Dividends to shareholders	**1,147**	1,147
Sundry items	**12**	52
	$17,984	$6,582
Increase (Decrease) in Working Capital	**$ (525)**	$ 933
Working capital at end of period	**$11,958**	$9,804
Working capital at beginning of year	**12,483**	8,871
Increase (Decrease) in working capital	**$ (525)**	$ 933

Notes
1. All figures unaudited and subject to year-end adjustments.
2. On a fully diluted basis the loss per share before extraordinary items amounted to 24.4¢ and after extraordinary items to 18.8¢ as compared with earnings of 39.3¢ and 41.0¢ respectively in 1975.

Le Groupe Oshawa Limitée et ses filiales

État consolidé de l'évolution de la situation financière

(en milliers de dollars)

	28 semaines terminées **le 7 août 1976**	le 9 août 1975
Provenance du fonds de roulement		
Exploitation		
Bénéfice (perte) avant postes extraordinaires	**$(1,649)**	$2,713
Postes n'entraînant pas de sortie de fonds:		
Amortissement	**4,652**	3,993
Amortissement de l'achalandage	**47**	34
Amortissement de frais reportés	**55**	42
Impôts sur le revenu reportés	**852**	256
Part de la perte nette de Distribution aux Consommateurs (National) Limitée	**342**	309
Part (du bénéfice) de la perte net(te) d'autres compagnies	**34**	(6)
Total des fonds provenant de l'exploitation	**$ 4,333**	$7,341
Autres		
Postes extraordinaires	**383**	120
Impôts sur le revenu reportés sur les postes extraordinaires	**54**	38
Diminution des prêts et hypothèques à recevoir	**2,971**	–
Produit de la vente de la Division des distributeurs automatiques	**1,949**	–
Augmentation nette de la dette à long terme	**7,527**	–
Divers	**242**	16
	$17,459	$7,515
Utilisation du fonds de roulement		
Achat d'immobilisations moins ventes	**9,047**	2,474
Acquisition de filiales y compris engagements actuels de construction	**7,574**	–
Augmentation des prêts et hypothèques à recevoir	**–**	50
Augmentation des investissements	**204**	1,417
Réduction de la dette à long terme	**–**	1,442
Dividendes payés aux actionnaires	**1,147**	1,147
Divers	**12**	52
	$17,984	$6,582
Augmentation (diminution) du fonds de roulement	**$ (525)**	$ 933
Fonds de roulement à la clôture de l'exercice	**$11,958**	$9,804
Fonds de roulement au début de l'exercice	**12,483**	8,871
Augmentation (diminution) du fonds de roulement	**$ (525)**	$ 933

Notes 1. Tous ces chiffres sont non vérifiés et passibles de redressements en fin d'exercice.

2. Sur une base entièrement diluée, la perte par action avant postes extraordinaires se chiffrait à 24.4¢ et à 18.8¢ après postes extraordinaires par rapport à un bénéfice de 39.3¢ et 41.0¢, respectivement en 1975.

Le Groupe Oshawa Limitée et ses filiales

État consolidé du bénéfice

(en milliers de dollars)

	28 semaines terminées **le 7 août 1976**	le 9 août 1975
Ventes	**$568,273**	$522,491
Bénéfice (perte) d'exploitation avant impôts sur le revenu	**(2,153)**	6,411
Impôts sur le revenu (recouvrables)	**(880)**	3,395
Bénéfice (perte) d'exploitation	**$ (1,273)**	$ 3,016
Part du bénéfice (perte) net:		
de Distribution aux Consommateurs (National) Limitée	**(342)***	(309)*
d'autres compagnies	**(34)**	6
Bénéfice (perte) avant postes extraordinaires	**$ (1,649)**	$ 2,713
Postes extraordinaires	**383**	120
Bénéfice (perte) net	**$ (1,266)**	$ 2,833
Bénéfice (perte) par action avant postes extraordinaires	**(24.4¢)**	40.2¢
Bénéfice (perte) par action	**(18.8¢)**	42.0¢
Nombre moyen d'actions en circulation	**6,749,904**	6,749,904

*Les chiffres indiqués pour Distribution aux Consommateurs (National) Limitée sont ceux de la période de six mois antérieure au 31 juillet 1976 et de la période de sept mois antérieure au 31 juillet 1975.

Résultats d'exploitation

Au cours de la période de 28 semaines terminée le 7 août 1976, le chiffre d'affaires consolidé a atteint le chiffre record de $568,273,000, soit une augmentation de 8.8 pour cent par rapport aux $522,491,000 de l'année dernière. La perte de $1,945,000 que nous avions déclarée précédemment pour les 12 premières semaines a été compensée en partie au second trimestre par un bénéfice de $296,000. La perte avant postes extraordinaires pour le premier trimestre se chiffre donc à $1,649,000, soit 24.4 cents par action pour les 6,749,904 actions. Au cours de la même période de l'année dernière, Oshawa a réalisé un bénéfice de $2,713,000, soit 40.2 cents pour le même nombre d'actions. Cette année, le revenu extraordinaire s'élevait à $383,000, ce qui a permis de réduire la perte nette à $1,266,000, soit 18.8 cents par action.

Expansion

La Compagnie a ouvert 14 nouveaux marchés IGA en franchise, un magasin Food City, un grand magasin Towers, deux pharmacies Drug City et 14 dépanneurs. On a procédé à l'agrandissement d'un magasin IGA et à la fermeture de neuf petits marchés IGA et d'un magasin en gros Cash and Carry. Pour le second semestre, on envisage d'ouvrir deux marchés Food City, deux magasins IGA et un Cash and Carry. Le troisième marché IGA prendra la place d'un petit.

Perspectives

Tandis que la concurrence continue de faire rage dans le secteur des denrées alimentaires et des marchandises générales, le redressement enregistré au second trimestre devrait se poursuivre au second semestre étant donné les facteurs saisonniers favorables et la reprise de la demande.

Le président du conseil,
R. D. Wolfe.

Le président,
H. S. Wolfe.

1er octobre 1976.

rapport semi-annuel

des 28 semaines terminées
le 7 août 1976

Le Groupe Oshawa Limitée
300 The East Mall
Islington, Ontario
M9B 6B8

Oshawa